THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) The Central assistance is allocated to States by Planning Commission on the basis of revised Gadgil Formula which takes into consideration population, per capita, income, performance, (tax effort, fiscal management, progress in respect of National objectives) and special problem of States..

(b) The revised Gadgil Formula was approved by the National Development Council (NDC) in December, 1991. This formula assigns more weight to population besides including certain crucial performacne parameters like population control, elimination of female illiteracy, timely completion of externally aided projects and success in land reforms.

(c) Rajasthan had suggested for revision of this formula with weightage to geographic area, index of infrastructure development and percentage of SC/ST population. As the request was only from one State, there is no proposal to revise it.

Fraud Management Cell for frauds in home loans

766. SHRI RAJKUMAR DHOOT: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that a Fraud Management Cell to collect information from Housing Finance Companies regarding frauds committed on housing loans has been set up and is operational;

(b) if so, the details thereof; and

(c) the quantum of information collected so far and outcome thereof?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) and (b) In view of apprehension and concern regarding possible fruads in housing loan transactions, 'Fraud Management Cell' was set up in National Housing Bank (NHB) in 2003. Information relating to frauds is collected from Housing Finance Companies (HFCs), Reserve Bank of India (RBI) and Indian Banks' Association (IBA) and the *modus operandi* and causative factors are identified and shared with HFCs to make them aware so that instances, of such frauds may be prevented.

(c) Based on the information collected from HFCs, RBI and IBA, a

master circular indicating causative factors and suggestive remedial actions with regard to frauds in the housing finance sector was circulated by NHB to all HFCs in June 2005. During the period April 2005 to March 2006, 65 frauds in housing loans have been reported by various HFCs. The *modus operandi* and causative factors were circulated by NHB amongst all the HFCs for their information and necessary action.

Pluging of revenue leakages in large trade units

767. MS. MABEL REBELLO: Will the Minister of FINANCE be pleased to state:

(a) what efforts are being made to plug revenue leakages in the Large Trade Units (LTU) in the country due to lack of efficient and trained personnel in the Department of Customs and Central Excise;

(b) what efforts have been made to educate officers of the Central Excise and Customs to detect and stall the leakages of revenue being done systematically in connivance with the organized Chambers of Commerce; and

(c) the number of consultants having offices in Pune, Mumbai, Bangalore, Delhi and Kolkata who have not been raided by the Vigilance, Enforcement or Intelligence wings of Government?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a)and(b) Large Trade Units are subjected to regular audit by the Internal Audit teams. If the circumstances require, then special Audit is conducted by the Cost Accountants as per the provisions of Central Excise Act, 1944. The Anti-Evasion wings of the Commissionerate as well as Directorate General. Central Excise Intelligence carry out preventive action against units about which intelligence or information is received. *Modus Operandi* circulars are issued by Directorate General, Central Excise Intelligence and Directorate General, Revenue Intelligence to keep the field formations well versed with the various methods adopted to evade duty. The National Academy of Customs Excise and Narcotics, Faridabad and its zonal units conduct regular trainings for all levels of officers to upgrade their skills. Training schedules include courses on cost accounting,